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ABSTRACT

Trends and changing conditions likely to affect state higher education boards and their functions, and responses to the changes are the focus of this paper. Three underlying factors are identified--that all changes will not affect all states in the same way, that no two state boards are exactly alike, and that many of the more recently established boards, in particular, were set up to deal with rapid growth and may not be designed or empowered to function with the radically changed conditions. Among the changing trends identified are enrollment projections and demographic information, growing fiscal restraints, increasing concern with accountability (especially at the state level), recognizing social justice issues (for such groups as women, the handicapped, and the economically disadvantaged), and the relationship between the higher education board and the executive and legislative branches of government. It is concluded that the picture is more one of gloom and doom than bloom and boom, but that it also offers the opportunity for the development of a leaner but healthier system of higher education. Six recommendations are made, including that more attention be directed to performance criteria. (PHR)

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# THE FUTURE OF HIGHER EDUCATION IN THE 1980S: BOOM? DOOM? GLOOM? BLOOM?

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THE FUTURE OF HIGHER EDUCATION IN THE 1980S: BOOM? DOOM? GLOOM? BLOOM?

First let me begin by disclaiming any credit or blame for the ingenious and alliterative subtitle -- boom, doom, gloom, bloom. It was assigned to me. But it is a most interesting subtitle with optimism at each end and pessimism in the middle. With the possible exception of Howard Bowen at the Graduate School of the Claremont Colleges I do not know very many people who are as optimistic about higher education in the next decade as the boom/bloom combination would suggest. I do know some people who, given certain conditions which they expect will materialize, might fit into the doom/gloom category. Joseph Frompkin from Washington, D.C. comes awfully close to it and Stephen Dresch of Yale is not far behind. I think I should show my true colors and admit at the outset that I am neither a boom/bloomer nor a gloom/doomer but what might be described as a meliorist -- that is, one who while recognizing that the situation is or may be serious and could become gloom and boom, believes that the outcome is (1) not determined but (2) can be ameliorated by effective planning and action at both statewide and institutional levels and (3) that state higher education coordinating and governing boards may well have a major role to play in determining what the outcome will be.

The second thing I ought to admit is that my crystal ball is as cracked and clouded as any other person's, perhaps more so than some. There are certain trends that seem clear, some in fact, such as the demographic factors are well documented. Others are less certain. But what the final outcome will be in terms of what higher education will look like at the end of the decade is still an open question. This is where my foresight

is limited and my meliorism takes over for I do believe that what we and particularly you as board members do about and with the conditions will help determine what the outcome will be.

With this short disquisition on the subtitle out of the way, what I would like to propose is that we look at some of the trends or changing conditions that are likely to impact state higher education boards and agencies and their functions and the kinds of responses that may be called for. Three factors, however, have to be underlined at the outset. The first is that while the conditions may be general they will not affect all states in the same way. There are unique factors in each state that may modify or even in some cases reverse some of the trends. General trends have to be modified by state trends. In this sense generalizations are dangerous. There really are fifty different states, with different histories and structures and while many of their problems may be analogous they are seldom exactly alike. The second is that no two state postsecondary or higher education boards or agencies are exactly alike in structure, powers, or scope of operation. They have been established at different times for different purposes and to meet unique state needs. The oldest, the New York Board of Regents, goes back to 1784. But 25 have been established since 1960. Of those established before 1960 by far the majority were consolidated governing boards and in a number of cases for senior institutions only. Of those established since 1960 by far the majority are coordinating boards. Yet this hardly tells the story.

Of the 19 governing board states, 11 have responsibility for all (or most) public collegiate institutions while 8 are responsible for senior institutions only. Among these 8 the community colleges--where they exist--either are under Boards of Education or have their own boards. The 25

coordinating boards while not responsible for the management and operation of institutions also vary extensively from state to state from those that might be called strong regulatory boards with authority to review and approve new and existing programs, to recommend a consolidated or aggregated budget, and to plan for all postsecondary education in the state to those advisory boards only with neither direct program approval or budgetary authority although in some instances they may advise on both issues. Usually the primary responsibility of advisory-type boards lies in statewide planning as it does with the three executively appointed planning boards. Thus you, as board members, come from different boards with differing responsibilities and abilities to react to changing conditions.

The third factor follows from the second. Particularly those boards established since 1960 were established during the period of the most rapid expansion of higher and postsecondary education in the history of the country. These boards were established to deal with problems of growth and many had written into their authorizing legislation the primary responsibility of providing for "the orderly growth of public higher education." Among the more specific concerns of legislators and governors within the general charge were (1) increasing rates of expenditure and a desire to keep them in perspective and balance, (2) budgetary equity among institutions in the light of their differing functions, (3) assuring reasonable diversity among institutions within the system of higher education related to the needs of the state, (4) avoiding unnecessary duplication of programs not related to demand in the expanding market, and (5) balancing institutional aspirations with political and social realities. Some of these concerns continue in modified forms and will in the next decade. But a crucial question becomes whether boards primarily established to

deal with conditions of expansion are capable of or have the power to deal with what may in many states be rather radically changed conditions without changes in their functions and powers.

With these factors in mind, what are some of these changing conditions or trends? You may well be as familiar with these as I am but they may be worth reviewing as we consider where we may have to move in the next decade.

The first and in many respects most crucial is the changing demographic and enrollment picture. Although enrollment projections vary with the projectors the demographic information is clear. It would appear likely that in the majority of states enrollments will decline during the next decade based on the demographic facts alone. Nationally, the number of 18- to 22-year-olds which currently provide up to 75 percent of the college students will decrease about 25 percent by 1993. This will vary by sections of the country. A few states, particularly in the sunbelt, are likely to have slight increases. The most severe declines are likely to be in the Northeast. However, in no section of the country are major increases expected.

Enrollments obviously do not depend upon 18- to 22-year-olds alone and the drop may be offset to some extent by older students. A number of institutions are counting on such older students to help alleviate the drop. Between 1970 and 1978 the percentage of 25- to 30-year-olds has increased 50 percent and those between 30 and 35 have increased from 3.7 percent of the age group in 1970 to 6.5 percent in 1977 or 75 percent. One in ten students is over 35. Competition among institutions for older students is high. However, the assumption that older students will continue to increase at the same rate or that if they do they will fill in the vacant

places left by the 18- to 22-year-olds is at least open to question. Since most older students are part-time it will take larger numbers of them to fill the vacant places of the full-time 18- to 22-year-olds. There is some evidence to suggest that older students who want traditional college offerings are already there. In 1976 for the first time the percentage of older students did not increase although it has picked up slightly in 1977 and 1978.

Within the traditional college age student population there will also be shifts. The percentage of minority students and women is likely to increase while the white male population continues to decrease.

An additional reason for concern lies in the fact that, while the peak of 18- to 24-year-olds has not yet passed, enrollments dropped .2 percent in the fall of 1978. If this indicates a decreasing interest in college attendance which will continue it may make the enrollment situation considerably worse.

To all this must be added the probability of year to year fluctuations in enrollments, institution by institution and program by program that are likely to reflect changes in the economy and shifts in student interest. These may be more important and disruptive to planning than the general decline. It is also rather clear that enrollment declines will not affect all institutions equally. The institutions likely to be hardest hit are the regional universities and state colleges, particularly those away from urban centers, and the less distinguished small private liberal arts colleges.

One other aspect of the older student situation calls for note. Even though large numbers of additional older students may not flock to

traditional institutions, the competition for older students is already intense and is likely to increase. Not all of this competition is healthy. Some institutions are offering off-campus work for older students practically on the doorstep of other institutions. Not all of the off-campus offerings for older students are as carefully quality controlled as they should be. To this must be added the competition of programs for older students offered by business, industry, labor, community centers and various types of civic and other organizations. The end result in some places can only be described as a chaotic scramble. There are few areas in which the need for effective planning and action on the part of state higher and postsecondary education boards to bring some coordination and order into the picture is more acute than in the general area of what is now called lifelong learning. To accomplish this may call for modification in missions of some institutions, for encouraging cooperation and consortia among others, and for relating more effectively the on- and off-campus activities of institutions in the area of older students to what is going on in the wider community.

With this background it would seem clear that for many states the emphasis on coordination and planning will have to shift to issues of retrenchment, consolidation, reallocation of resources even closing of institutions, and to dealing with new student clienteles and their problems.

The second changing condition is what might be described as growing fiscal constraints. Governor Milliken of Michigan has described the period we are entering as an era of limits and this would seem to apply particularly to the fiscal situation. On the surface if one were to assume that state appropriations for higher education would remain constant or slightly increase, the decrease in number of students in theory should provide

additional funds on a per student basis as was the case with elementary/ secondary education when enrollments began to decline in the early 1970s. Unfortunately a very different climate is likely to make such a situation highly improbable for higher education in the 1980s. Tax relief and more limited public spending seem to be higher priorities in most states in spite of state surpluses. To these must be added high priorities for energy development, conservation and health issues. Although fewer states than expected followed the California lead in adopting Proposition 13-type referenda, concern with curtailing taxation and expenditures is widespread. As a result we are likely in many states to be faced with decreasing enrollments, fiscal austerity, and continued inflation all at the same time. To the extent that states follow the President's anti-inflation guidelines funding increases when they occur will be less than the projected level of inflation, thus resulting in an actual decrease in spending power. To this must be added the fact that unlike many other parts of state budgets tied to entitlements, court ordered equalization, and federal matching funds the higher education budget tends to be more susceptible to executive and legislative flexibility and control and thus more vulnerable to reductions under pressure of tax limitations and other priorities.

To complicate the situation further, the largest percentage of increases in higher education costs are in areas over which higher education boards and institutions have the least control. These include social security, hospital and medical costs and energy costs.

All of this may call not only for tight budgeting but for the need to rethink and restructure the budgeting process, particularly in those states utilizing average cost enrollment driven formula in budget request

generation. While such formulas work well in periods of expansion they could be and in a few instances have been devastating in periods of contraction. Somehow the formulas need to be adjusted to reflect fixed and variable costs and marginal utility.

A third area of changing conditions, in fact of conditions that have already changed, is the increased concern at the state level with accountability. While higher education is considered by the public as an essential service, it like all other services and agencies of government is increasingly under the general demand to be more accountable in the effective use of public funds. Today this has taken on new dimensions that relate to educational effectiveness, to attainment of educational goals and to continuing oversight of the educational process. The emphasis on accountability reflects a number of factors: (1) concern with increased efficiency and more effective management; (2) concern about maintenance and improvement of quality in the face of increasing competition; (3) concern that public business be publically conducted; and (4) an uneasiness present from the days of student unrest about the relevance of higher education to student interests, a concern that is heightened by unemployment or underemployment of college graduates and the "college, who needs it" syndrome.

This concern with accountability has been translated in various states in terms of increased regulation and oversight; demand for more and better analyzed information from institutions and state agencies; performance audit; evaluation as part of the budget cycle; review of new and existing programs; and general institutional and even board or agency evaluation. A few states have even imposed "sunset" conditions on state higher education agencies and particular programs, i.e., have set timeframes

within which the agency or program must be reviewed for effectiveness and either continued, modified, replaced, or done away with.

Two or three of these accountability approaches call for special mention. The first is the growth of performance-oriented budgeting. The first line of accountability has always been through state budget control. However, traditional budget approaches based on input costs are not particularly useful for accountability purposes. In recent years procedures have been developed as part of the budget development process, many initially at the federal level then adapted to the states, to provide for evaluation of the need for each activity. These have taken different but related forms such as PPBE (planning, program, budgeting, evaluation), zero-based budgeting, priority budgeting, performance budgeting, and budgeting by objectives. While they all have their problems and frequently in practice have led to complication of forms rather than evaluation results, they are at least designed to relate budgets and expenditures to specific goals and objectives and thus to obtain control over the effectiveness of the budgeting process as it relates to programs and outcomes. Their limited effectiveness to date at least in part is related to the fact that in most cases the objectives to be evaluated and the measures of those objectives have not been developed and agreed upon in advance. However, regardless of the success or lack of it to date, the concern with relating budgeting to planning and outcomes is likely to increase and with it utilization of some form of performance measures or indicators.

The second is performance audit. Performance audit extends beyond both fiscal and management audits and raises questions of effectiveness of activities or organizations in achieving their goals and objectives.

Some 20 states following the example of the federal General Accounting Office have developed either legislative or executive performance audit agencies. Although most of these were not created with higher education specifically as a target, in a number of cases they have focussed on higher education or some part of it. When performed by a state audit agency not primarily concerned with higher education such audits raise serious questions about system, institutional, and program integrity. Who sets the standards and how evaluation takes place become critical issues. Performance evaluation is nevertheless likely to become a more frequent and legitimate demand in the next decade. Higher education will be expected to be able to demonstrate its educational effectiveness. However, unless such audits are based upon agreed upon objectives and the evaluation procedures are carried out by knowledgeable people they are likely to be ineffective or even counterproductive. It may well be the case that state higher education boards or agencies will need to and should develop their own performance audit procedures both for the internal health of the system and to forestall preemption of performance audit by others.

To some extent such audit by higher education coordinating boards or agencies is already beginning to occur under a third alternative which involves development of an effective accountability system within higher education. Such a system involves at least four steps. The first is development of and agreement on the goals or objectives for which higher education should be held responsible. The second is determining who is responsible for achieving them. The third is agreement on and use of a process of evaluation, including self-evaluation, that will demonstrate

achievement of objectives. The fourth is the process of reporting to the public, the governor and the legislature on the results of evaluation. This is closely related to quality evaluation of institutions in the accrediting process. In fact, accreditation may be utilized in some instances as part of the process. This is currently the case in Maryland through an agreement between the Middle States Higher Education Commission and the Maryland Board of Higher Education in which state and accrediting agency evaluation are done cooperatively. It should be noted, incidentally, that legislation in some 14 states calls upon the state postsecondary agency to evaluate institutions at more than an authorizing or licensing level. Seven state boards by legislative mandate accredit institutions under their jurisdiction. In 28 states some aspect of institutional (in addition to program) evaluation is carried out by the state agency. In six states such evaluation applies to private institutions as well as public institutions in the state.[1]

A fourth area of changing conditions involves what might be described as social justice issues. The 1970s have seen major movements to extend higher educational and economic opportunities to groups who had been disadvantaged in the past including minorities, women, the handicapped and the economically underprivileged. These movements have reflected federal and state laws and have been reinforced by the courts. Progress has been made and has in many cases required modifications of state board and institutional policies, expenditure of additional funds for student aid, renovations to buildings to accommodate the handicapped, modification

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[1]Garnet Birch, "State Higher Education Agency Responsibility for Evaluation and Accreditation of Public Four-Year Institutions of Higher Education" Tuscon, Arizona: University of Arizona. Unpublished dissertation, 1979.

of admission policies, and provision of special developmental or remedial programs. These have called for statewide and institutional planning and action and in some of the states affected by the Adams case major statewide readjustments.

The projected conditions of the 1980s could create a series of tensions in the social justice area that will affect institutions and state agencies and that are likely to heighten rather than eliminate social justice concerns. Increasing competition for students plus the increasing percentage of minorities in the 18- to 22-year-old group will encourage institutions to include larger numbers of minorities in the college population some of whom will come from less than adequate educational backgrounds and who will need additional developmental or remedial help. However, fiscal stringency is likely to make costly developmental programs less attractive for institutions, state agencies, governors and legislators and the funds for these harder to obtain. Affirmative action requires increasing numbers of women and minorities in teaching and administrative positions at a time when faculties will have to shrink and a large portion of existing faculty is on tenure. Increased emphasis on adult, continuing education and lifelong learning will tend to appeal to the already best educated, thus extending the gap for minorities and the economically deprived unless special efforts are designed to encourage their participation. But such special efforts will require scarce funds that may have to be taken from other programs. Even in student aid, increasing concern for middle-income students and the temptation to utilize institutional and even state funds for recruitment purposes not primarily related to student need pose problems of widening rather than closing gaps.

A fifth factor which may not be so much a changing condition as a heightened condition involves the relations between the higher education board and the executive and legislative branches of state government on the one hand and the institutions on the other. Coordinating boards in particular, as you are well aware, are in a difficult and vulnerable position. They have no constituency. They are usually considered part of the executive branch of state government. In most cases the members are appointed by the governor, sometimes with legislative approval. The executive officers in all states but one are appointed by their boards but are generally considered equivalent to heads of state departments. In some cases they have cabinet status. At the same time the boards are created by the legislature (or in a few cases provided for constitutionally) and report not only to the governor but to the legislature in appropriations requests and recommendations for system changes related to planning and in carrying out such additional functions or programs as the legislature may assign to them. They frequently are looked at by the institutions for which they are responsible as hatchet persons for the legislature and governor and by the legislature and governor as primarily interested advocates for the institutions or as captives of the governor or the legislature respectively. Their primary stock in trade is objectivity and credibility. But this becomes particularly difficult as tensions increase between the governor and his staff and the legislature and its staff. Such tensions have tended to increase in the last few years. In many states both legislative and executive staffs have increased in size and in competence. It is in the area of budget review and appropriation requests that the tension between the governor and the legislature with their improved staffs can create problems both for state higher education boards and for institutions.

If the board, the governor's office and the legislature all have full budgetary review responsibilities this leads to increased redundancy, in some cases approaching 100 percent. As capable budget analysts are added to legislative staffs, such staffs are less likely to rely on findings of the board or the governor and want to undertake separate in-depth reviews of their own. Ideally the three staffs should work closely together but too frequently this is not the case. According to Lyman Glenny, the growth in size and professional competency of legislative budget staffs will have more impact on higher education in the future than anything else connected with the budgeting process.[2] Glenny even recommends that coordinating agencies, in order to avoid redundancy and being out-maneuvered by such staffs should give up detailed budget review and direct more of their resources to planning and policy issues and reserve budget activities to analyses related to long range plans and policy issues. This may be neither possible nor desirable but it is clear that in many states more effective coordination and division of functions need to be developed among board review, executive review and legislative review procedures.

In those states where for whatever reason the legislature and/or the governor feel that the state coordinating board or agency is not sufficently responsive and accountable whether in the budget process or elsewhere the likelihood of direct gubernatorial or legislative intervention has tended to increase and may increase further in the future.

These five are by no means exhaustive of the trends and changing conditions that will impact higher education in general and statewide coordinating and

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[2] State Budgeting for Higher Education: Interagency Conflict and Consensus Berkeley: Center for Research and Development in Higher Education, University of California, 1976, p. 98.

governing boards in particular during the next decade. We have not mentioned the issues and problems facing independent institutions and some of the hard decisions, given fiscal stringency, that will have to be made. Nor have we talked about collective bargaining and its probable increase under conditions of retrenchment and what the impact on statewide board functions is likely to be. We have only touched on issues of faculty development under conditions in which faculties may have to be curtailed.

The picture that emerges does look considerably more like gloom and doom than bloom and boom. But this brings us back to what I called meliorism. The decade ahead does not promise to be easy but it should be most interesting. It offers a unique opportunity for board leadership and statesmanship. What is done in relation to the conditions and trends can make the major difference between ending the decade with a healthier but leaner system of higher and postsecondary education in the states and something approaching chaos.

To achieve the former, it seems to me, a number of things may be essential and the time range for dealing with some of these in some states may be relatively short. Among my candidates for these are the following:

1. The first is to recognize that while planning may be more difficult for a period of consolidation or retrenchment than for expansion and will meet resistance from some institutions who would rather take their chances with the political process in periods of crisis than deal with issues beforehand, effective planning is even more essential today than ever before. In fact on such effective planning may well depend the survival of coordinating or governing boards in their present forms as well as institutions. Such planning may not

involve developing master plans in the traditional sense but rather developing a continuous or rolling planning process. To be effective such planning must not only involve the institutions but must occur with the support of the executive and legislative branches of state government. Such involvement, understanding and support are extraordinarily difficult if not impossible to obtain in a period of high emotion and tension which will inevitably be present in periods of crisis. Thus, it is imperative that such planning, including the organization, the process, and the information systems necessary to confront the issues--particularly those related to closings or mergers, retrenchment, and change in mission--begin as soon as possible.

2. The second is that far more attention will need to be paid to relating expenditures to outcomes, to performance criteria. In addition state boards should take the leadership in cooperation with the institutions in developing an effective accountability system that preserves the responsibility and leeway of institutions to direct and manage their own affairs within their assigned role and scope but holds them accountable for the results.

3. The third is that planning for changing or variable enrollments, retrenchment and change in mission be closely tied to qualitative assessment and that criteria be developed to insure that in consolidation the end result is not universal mediocrity but reinforcement of quality regardless of level or type of institution or program.

4. The fourth is that in the light of changing student clienteles, special concern must be given to meeting needs of part-time students, adults, minorities and women. Even with restricted resources and

decreasing enrollments such students will and should play a progressively larger role in the postsecondary educational scene. Statewide boards will have a progressively greater responsibility to provide for coordination and mutual reinforcement among institutional activities and efforts to meet the needs of such students including reallocation of scarce dollars if necessary.

5. Fifth, in the area of support it is critically important that state boards working with institutions move to determine the difference in fixed and variable costs, those that are affected and those that are not affected by changes in enrollment. States currently using funding formulas based on average costs and enrollments should revise their formulas in the light of such information.

6. Finally, and fundamentally, it is of basic importance that the lines of communication and understanding between the coordinating or governing board not only with institutions but with the legislative and executive branches of state government be kept open and strengthened. Only if this occurs can the confidence and credibility essential to effective operation be built.

If these occur, I firmly believe that the end result will not be boom, doom, gloom, or bloom but the leaner, stronger, healthier system of higher education.

RMM:mb
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